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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

2006 AUG 18 P 1:40

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS SUN CITY
WASTEWATER AND SUN CITY WEST
WASTEWATER DISTRICTS

DOCKET NO. WS-01303A-06-0491

**ARIZONA-AMERICAN WATER
COMPANY'S NOTICE OF
FILING REVISED D-1 AND D-2
SCHEDULES**

At the request of Staff, Arizona-American Water Company hereby files revised D-1 and
D-2 schedules.

Craig A. Marks
Corporate Counsel, Western Region
American Water
19820 N. 7th Street
Phoenix, Arizona 85024
(623) 445-2442
Craig.Marks@amwater.com
Attorney for Arizona-American Water Company

Arizona Corporation Commission
DOCKETED

AUG 18 2006

DOCKETED BY	NR
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2 **Original** and 14 copies filed
3 on August 18, 2006, with:

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5 Docket Control
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007
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10 **Copies** of the foregoing mailed on
11 August 18, 2006, to:

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13 James Dorf
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington St.
17 Phoenix, Arizona 85007
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21 By:


22 Courtney Appelhaus
23

Arizona American Water Company - Sun City Wastewater
Test Year Ended December, 2005
Summary of Cost of Capital
Total Company - Arizona American Water Actual

Exhibit
Schedule D-1 Revised
Page 1
Witness: Reiker

Line No.	Item of Capital	End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	\$ 198,757,395	61.99%	4.84%	3.00%	\$ 205,745,219	61.85%	6.05%	3.74%
2									
3	Short-Term Debt	30,003,138	9.36%	1.49%	0.14%	-	0.00%	0.00%	0.00%
4									
5	Stockholder's Equity	91,884,955	28.66%	11.75%	3.37%	126,884,955	38.15%	11.75%	4.48%
6									
7	Totals	<u>320,645,488</u>	<u>100.00%</u>		<u>6.51%</u>	<u>332,630,174</u>	<u>100.00%</u>		<u>8.22%</u>
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Arizona American Water Company - Sun City Wastewater
Test Year Ended December, 2005
Summary of Cost of Capital
District Level - Sun City Wastewater Proposed

Exhibit
Schedule D-1 Revised
Page 2
Witness: Reiker

Line No.	Item of Capital	End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	\$ 8,488,006	60.00%	6.05%	3.63%	\$ 8,488,006	60.00%	6.05%	3.63%
2									
3	Stockholder's Equity	5,658,670	40.00%	11.75%	4.70%	5,658,670	40.00%	11.75%	4.70%
4									
5	Totals	<u>14,146,676</u>	<u>100.00%</u>		<u>8.33%</u>	<u>14,146,676</u>	<u>100.00%</u>		<u>8.33%</u>

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Supporting Schedules:

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Arizona American Water Company - Sun City Wastewater
Test Year Ended December, 2005
Cost of Long Term Debt
Test Year - Arizona American Water Actual

Exhibit
Schedule D-2 Revised
Page 1
Witness: Reiker

<u>End of Test Year</u>				<u>End of Projected Year</u>			
Line No.	Long-Term Debt	Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate
1	Aug '08 L-T Senior Notes	\$ 4,500,000	\$ 320,490	7.122%	\$ 4,500,000	\$ 320,490	7.1220%
2	Sep '14 L-T Promissory Note	25,000,000	1,230,000.0	4.920%	25,000,000	1,230,000	4.9200%
3	Nov '06 L-T Promissory Note	3,500,000	172,200.0	4.920%	-	-	4.9200%
4	Nov '06 L-T Promissory Note	154,948,119	7,623,447.5	4.920%	-	-	4.9200%
5	Sep '28 L-T Note - Maricopa	10,635,000	264,427.5	2.486%	10,635,000	264,427	2.4864%
6	Sep '13 PILR - Monterey	51,711	3,237.1	6.260%	45,267	2,834	6.2600%
7	Aug '15 PILR - Rosalee	51,822	3,720.8	7.180%	48,696	3,496	7.1800%
8	Aug '15 PILR - T.O. Development	43,703	3,137.9	7.180%	41,026	2,946	7.1800%
9	Aug '13 PILR - Montex/Lincoln	27,840	1,603.6	5.760%	25,230	1,453	5.7600%
10	Nov '26 L-T Promissory Note				165,450,000	10,621,890	6.42%
11							
12	Totals	<u>198,758,195</u>	<u>9,622,264</u>	4.84%	<u>205,745,219</u>	<u>12,447,536</u>	6.05%
13							
14							
15	<u>Short-Term Debt</u>						
16	AWCC Bank Debt	\$ 30,003,138	\$ 447,461	1.491%	\$ -	\$ -	0.000%
17							
18	Totals	<u>\$ 30,003,138</u>	<u>\$ 447,461</u>	1.491%	<u>\$ -</u>	<u>\$ -</u>	0.000%
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43	Supporting Schedules:				Recap Schedules:		
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Exhibit
Schedule D-2 Revised
Page 2
Witness: Reiker

Line No.	Long-Term Debt	End of Test Year			End of Projected Year		
		Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate
1	Aug '08 L-T Senior Notes	\$ 4,500,000	\$ 320,490	7.122%	\$ 4,500,000	\$ 320,490	7.1220%
2	Sep '14 L-T Promissory Note	25,000,000	1,230,000	4.920%	25,000,000	1,230,000	4.9200%
3	Sep '28 L-T Note - Maricopa	10,635,000	264,427	2.486%	10,635,000	264,427	2.4864%
4	Sep '13 PILR - Monterey	51,711	3,237	6.260%	45,267	2,834	6.2600%
5	Aug '15 PILR - Rosalee	51,822	3,721	7.180%	48,223	3,462	7.1800%
6	Aug '15 PILR - T.O. Development	43,703	3,138	7.180%	40,620	2,917	7.1800%
7	Aug '13 PILR - Montex/Lincoln	27,840	1,604	5.760%	24,916	1,435	5.7600%
8	Nov '26 L-T Promissory Note	165,450,000	10,621,890	6.420%	165,450,000	10,621,890	6.4200%
9							
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11							
12	Totals	<u>205,760,076</u>	<u>12,448,507</u>	6.05%	<u>205,744,026</u>	<u>12,447,455</u>	6.05%
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Arizona American Water Company - Sun City West Wastewater
Test Year Ended December 9, 2005
Summary of Cost of Capital
Total Company - Arizona American Water Actual

Exhibit
Schedule D-1 Revised
Page 1
Witness: Reiker

Line No.	Item of Capital	End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	\$ 198,757,395	61.99%	4.84%	3.00%	\$ 205,745,219	61.85%	6.05%	3.74%
2									
3	Short-Term Debt	30,003,138	9.36%	1.49%	0.14%	-	0.00%	0.00%	0.00%
4									
5	Stockholder's Equity	91,884,955	28.66%	11.75%	3.37%	126,884,955	38.15%	11.75%	4.48%
6									
7	Totals	<u>320,645,488</u>	<u>100.00%</u>		<u>6.51%</u>	<u>332,630,174</u>	<u>100.00%</u>		<u>8.22%</u>

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Supporting Schedules:
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Arizona American Water Company - Sun City West Wastewater
Test Year Ended December 9, 2005
Summary of Cost of Capital
District Level - Sun City West Wastewater Proposed

Exhibit
Schedule D-1 Revised
Page 2
Witness: Reiker

Line No.	Item of Capital	End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	\$ 12,764,412	60.00%	6.05%	3.63%	\$ 12,764,412	60.00%	6.05%	3.63%
2									
3	Stockholder's Equity	8,509,608	40.00%	11.75%	4.70%	8,509,608	40.00%	11.75%	4.70%
4									
5	Totals	<u>21,274,020</u>	<u>100.00%</u>		<u>8.33%</u>	<u>21,274,020</u>	<u>100.00%</u>		<u>8.33%</u>
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Arizona American Water Company - Sun City West Wastewater
Test Year Ended December 9, 2005
Cost of Long Term Debt
Test Year - Arizona American Water Actual

Exhibit
Schedule D-2 Revised
Page 1
Witness: Reiker

<u>End of Test Year</u>				<u>End of Projected Year</u>			
Line		Amount	Annual	Interest	Amount	Annual	Interest
No.	<u>Long-Term Debt</u>	<u>Outstanding</u>	<u>Interest</u>	<u>Rate</u>	<u>Outstanding</u>	<u>Interest</u>	<u>Rate</u>
1	Aug '08 L-T Senior Notes	\$ 4,500,000	\$ 320,490	7.122%	\$ 4,500,000	\$ 320,490	7.1220%
2	Sep '14 L-T Promissory Note	25,000,000	1,230,000.0	4.920%	25,000,000	1,230,000	4.9200%
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Arizona American Water Company - Sun City West Wastewater
 Arizona American Water Company - Sun City West Wastewater
 Cost of Long Term Debt
 Test Year - Sun City West Wastewater Proposed

Exhibit
 Schedule D-2 Revised
 Page 2
 Witness: Reiker

<u>End of Test Year</u>				<u>End of Projected Year</u>			
Line		Amount	Annual	Interest	Amount	Annual	Interest
No.	<u>Long-Term Debt</u>	<u>Outstanding</u>	<u>Interest</u>	<u>Rate</u>	<u>Outstanding</u>	<u>Interest</u>	<u>Rate</u>
1	Aug '08 L-T Senior Notes	\$ 4,500,000	\$ 320,490	7.122%	\$ 4,500,000	\$ 320,490	7.1220%
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